

Vernon Council on Aging, Inc.
Leesville, Louisiana

FINANCIAL STATEMENTS
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vernon Council on Aging, Inc.
Leesville, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of Vernon Council on Aging, Inc., as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Vernon Council on Aging, Inc. as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, on pages 26-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vernon Council on Aging, Inc.'s basic financial statements. The schedule of non-major special revenue funds combining statement of revenues and expenditures and comparative schedule of general fund fixed assets and changes in general fixed assets are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of non-major special revenue funds combining statement of revenues and expenditures and comparative schedule of general fund fixed assets and changes in general fixed assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of non-major special revenue funds combining statement of revenues and expenditures and comparative schedule of general fund fixed assets and changes in general fixed assets are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 2, 2013, on my consideration of Vernon Council on Aging, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vernon Council on Aging, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J. M. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
December 2, 2013

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2013

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 9,958
Grants receivable	70,060
Total current assets	<u>\$ 80,018</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 55,000
Capital assets being depreciated, net	169,169
Total noncurrent assets	<u>\$ 224,169</u>
Total assets	<u><u>\$ 304,187</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 557
Payroll taxes payable	2,970
Total current liabilities	<u>\$ 3,527</u>
Noncurrent Liabilities	
Due within one year	\$ 11,119
Due in more than one year	116,252
Total noncurrent liabilities	<u>\$ 127,371</u>
Total liabilities	<u>\$ 130,898</u>
NET POSITION	
Net investment in capital assets	\$ 224,169
Unrestricted	(116,109)
Restricted	65,229
Total net position	<u>\$ 173,289</u>
Total liabilities and net position	<u><u>\$ 304,187</u></u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2013

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Fees Generated by Fundraiser	Operating Grants and Contributions	Program Services
Program Services:					
General government	\$ 389,180	\$ 28,944	\$ 307	\$ 491,963	\$ 132,034
AAA fund	30,599	-	-	30,599	-
Audit fund	10,000	-	-	1,131	(8,869)
Title III C-1 fund	94,634	5,472	-	78,552	(10,610)
Title III C-2 fund	191,100	5,218	-	51,316	(134,566)
Title III B fund	197,944	828	-	97,718	(99,398)
Title III D fund	4,872	-	-	4,589	(283)
Title III E fund	31,950	-	-	29,269	(2,681)
Senior center	4,146	-	-	46,264	42,118
Supplemental senior center	-	-	-	3,100	3,100
NSIP fund	-	-	-	25,150	25,150
Total program services	<u>\$ 954,425</u>	<u>\$ 40,462</u>	<u>\$ 307</u>	<u>\$ 859,651</u>	<u>\$ (54,005)</u>
General revenues:					
Hotel/motel taxes					\$ 55,872
Investment income					92
Gain on sale of assets					8,990
Transfers in					256,407
Transfers out					(256,407)
				Total general revenues	<u>64,954</u>
				Change in net position	10,949
Net position at beginning of year					199,094
Prior period adjustment					(36,754)
Net position at end of year					<u>\$ 173,289</u>

The accompanying notes are an integral part of the statement.

Statement of Financial Position
June 30, 2013

ASSETS	General Fund	Special Revenue Funds	Total
Current Assets			
Cash and cash equivalents	\$ 9,958	\$ -	\$ 9,958
Grants receivable	52,895	17,165	70,060
Total assets	<u>\$ 62,853</u>	<u>\$ 17,165</u>	<u>\$ 80,018</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 557	\$ -	\$ 557
Payroll taxes payable	2,970	-	2,970
Total current liabilities	<u>\$ 3,527</u>	<u>\$ -</u>	<u>\$ 3,527</u>
FUND BALANCES			
Fund Balances:			
Unassigned	\$ 11,262	\$ -	\$ 11,262
Restricted	48,064	17,165	65,229
Total fund balances	<u>\$ 59,326</u>	<u>\$ 17,165</u>	<u>\$ 76,491</u>
Total liabilities and fund balances	<u>\$ 62,853</u>	<u>\$ 17,165</u>	<u>\$ 80,018</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Statement of Financial Position
to Statement of Net Position
June 30, 2013

Total fund balance - total governmental funds		\$ 76,491
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		224,169
Long-term liabilities including notes payable, bank lines of credit and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Due within in one year	\$ (11,119)	
Due in more than one year	<u>(116,252)</u>	<u>(127,371)</u>
Net position of governmental activities		<u><u>\$ 173,289</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	General Fund	Major Funds				Other Funds	Total Funds
		Title III C-1 Fund	Title III C-2 Fund	Title III B Fund	Title III E Fund		
<u>SUPPORT AND REVENUE</u>							
<u>SUPPORT</u>							
Taxes							
Hotel/motel	\$ 55,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,872
Intergovernmental							
Governor's Office of Elderly Affairs	37,500	78,552	51,316	97,718	29,269	85,683	380,038
DOTD Section 18 Transportation	213,246	-	-	-	-	-	213,246
TANF Transportation	6,875	-	-	-	-	-	6,875
Medicaid Transportation	102,967	-	-	-	-	-	102,967
Nutrition Services Incentive Program	-	-	-	-	-	25,150	25,150
Vernon Parish Police Jury	127,607	-	-	-	-	-	127,607
Public support							
Public donations	2,684	-	-	-	-	-	2,684
Participant contributions	28,944	5,472	5,218	828	-	-	40,462
Utility assistance	1,084	-	-	-	-	-	1,084
In kind support	-	538	538	-	-	-	1,076
Expenditures reimbursements	33,412	-	-	-	-	-	33,412
Total	<u>\$ 610,191</u>	<u>\$ 84,562</u>	<u>\$ 57,072</u>	<u>\$ 98,546</u>	<u>\$ 29,269</u>	<u>\$ 110,833</u>	<u>\$ 990,473</u>
Fundraising	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307</u>
Total Support	<u>\$ 610,498</u>	<u>\$ 84,562</u>	<u>\$ 57,072</u>	<u>\$ 98,546</u>	<u>\$ 29,269</u>	<u>\$ 110,833</u>	<u>\$ 990,780</u>
<u>REVENUE</u>							
Interest income	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92</u>
Total Support and Revenue	<u>\$ 610,590</u>	<u>\$ 84,562</u>	<u>\$ 57,072</u>	<u>\$ 98,546</u>	<u>\$ 29,269</u>	<u>\$ 110,833</u>	<u>\$ 990,872</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	General Fund	Major Funds				Other Funds	Total Funds
		Title III C-1 Fund	Title III C-2 Fund	Title III B Fund	Title III-E Fund		
EXPENDITURES							
Program services:							
Health, Welfare and Social services							
Salaries and benefits	\$ 311,453	\$ 19,684	\$ 37,926	\$ 118,093	\$ -	\$ 20,552	\$ 507,708
Travel	3,847	799	7,512	6,233	-	1,010	19,401
Operating services	82,694	15,545	34,936	59,870	31,950	27,220	252,215
In kind operating services	-	538	538	-	-	-	1,076
Operating supplies	9,244	58,606	110,726	13,748	-	835	193,159
Capital outlay	5,841	-	-	-	-	-	5,841
Debt service:							
Principal	22,298	-	-	-	-	-	22,298
Interest	5,098	-	-	-	-	-	5,098
Total expenditures	\$ 440,475	\$ 95,172	\$ 191,638	\$ 197,944	\$ 31,950	\$ 49,617	\$ 1,006,796
Excess (deficiency) of support and revenue over expenditures	\$ 170,115	\$ (10,610)	\$ (134,566)	\$ (99,398)	\$ (2,681)	\$ 61,216	\$ (15,924)
Other financing sources (uses)							
Operating transfers in	\$ -	\$ 10,610	\$ 134,566	\$ 99,398	\$ 2,681	\$ 9,152	256,407
Operating transfers out	(186,039)	-	-	-	-	(70,368)	(256,407)
Sale of assets	22,245	-	-	-	-	-	22,245
Total other financing sources (uses)	\$ (163,794)	\$ 10,610	\$ 134,566	\$ 99,398	\$ 2,681	\$ (61,216)	\$ 22,245
Net change in fund balances	\$ 6,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,321
Fund balances, beginning of year	70,170	-	-	-	-	-	70,170
Fund balances, end of year	\$ 76,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,491

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 6,321
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	5,841
The net effect of various transactions involving capital assets (contributions, trades, etc.) is to increase net position.	19,408
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(1,266)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	22,297
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	<u>(41,652)</u>
Change in net position of governmental activities	<u><u>\$ 10,949</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people of Vernon Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish; to provide for a mutual exchange of ideas and information on the parish and the state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of Vernon Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

B. Reporting Entity

In 1964, the State of Louisiana passed Act 456, which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. However, before the Council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by policies and regulations established by GOEA.

The Vernon Council on Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on May 1, 1969.

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of but not limited to, representatives of the parish's elderly populations, general public, private businesses, and elected public officials. Board members are elected annually from general elections.

Membership in the Council is open at all times, without restriction, to all residents of Vernon Parish who have reached the age of majority and who expresses an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 17, the Vernon Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issued bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget is approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Notes to the Financial Statements (Continued)

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

C. Presentation of Statements

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies established by GAAP and used by the Council is discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

Governmental-Wide Financial Statements prepared using full accrual accounting for all the Council's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

D. Basic Financial Statements – Government-Wide Statements

The Council's basic financial statements include both Government-Wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

In the Government-Wide Statement of Net Position, the governmental type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts – net investment in capital assets, restricted net position; and unrestricted net position. Investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net position consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net position includes all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its USDA contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the USDA revenues when paying for nutrition program costs. Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to

Notes to the Financial Statements (Continued)

GOEA. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

The Government-Wide Statement of Activities reports both gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to drive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net position resulting from the current year's activities.

E. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the Funds Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as restricted and unassigned. Restricted means that the fund balance is not available for expenditures because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations.

The council has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Continued)

The following is a description of the governmental funds of the Council:

- **General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those in another fund.
- **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services – Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

Major Special Revenue Funds

Title III C-1 Congregate Meals Fund

The Title III C-1 Fund is used to account for funds, which are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year July 1, 2012 to June 30, 2013, the Council serviced approximately 12,159 congregate meals.

Title III C-2 Home Delivered Meals Fund

Title III C-2 is used to account for funds, which are used to provide nutritional, home delivered meals to homebound older persons. During the fiscal year July 1, 2012 to June 30, 2013, the Council served approximately 29,694 home delivered meals.

Title III-B Supportive Services Fund

Title III-B Supportive Services Fund is used to account for funds which are to provide a variety of social services; such as, information and assistance, assess services, in-home services, community services, legal assistance, and outreach for people age 60 and older.

Title III-E National Family Caregiver Support Fund

The Title III-E Fund is used to account for funds used to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers, including in-home respite and respite care. In-home respite provides personal care in the home of the qualifying individual in order to provide a brief period of relief or rest for the client. Respite care provides temporary or periodic services for frail elderly or individuals with developmental disabilities including Adult Day Care/ Adult Day Health, Group Respite, In-Home Respite, and Institutional Respite.

Non-Major Special Revenue Funds

Senior Center Fund

The Senior Center fund is used to account for the administration of Senior Center Program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This program provides community service centers at which older persons receive supportive services and participate in activities which foster their independence, enhance, and encourage their dignity, and encourage their involvement in and with the community. The Council operates one senior center in Vernon Parish, Louisiana.

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Continued)

N.S.I.P. Fund

The N.S.I.P. (National Services Incentive Program) Fund is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture through the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider about forty cents for each congregate and home-delivered meal serviced to an eligible participant so that United States food and commodities may be purchased to supplement these programs. Net position of the N.S.I.P. Fund is restricted for the purposes stated above.

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit or compilation of the Council's financial statements.

Title III-D Preventive Health Fund

The Title III-D Fund is used to account for funds used for disease prevention and health promotion activities or services, such as: (1) equipment and materials (scales to weigh people, educational material, and exercise equipment), (2) home injury control, (3) medication management, (4) mental health, and (5) nutrition (assessment/screening, counseling, and education). The law directs the state agency administering this program to "give priority to areas of the state which are medically underserved and in which there are a large number of older individuals who have the greatest economic and social need."

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging through the state to be used to supplement the primary state grant for senior centers. Vernon Council on Aging, Inc. was one of the parish councils to receive a supplemental grant. These funds are "passed through" the Governor's Office of Elderly Affairs.

Title III-C Area Agency Administration (AAA) Fund

The Title III-C Area Agency Administration Fund is used to account for some of the administration cost associated with operating the Special Programs for the Aging.

F. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual Basis – Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenditures, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

2. Modified Accrual Basis – Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable"

Notes to the Financial Statements (Continued)

means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues “available” if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

G. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net position in the Government-Wide Financial Statements.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

I. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Position. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset’s estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Building Improvements	20-40 years
Equipment	5-15 years
Vehicles	5 years
Computers	5 years

Salvage values have not been estimated by management when calculating how much of an asset’s cost needs to be depreciated except for vehicles. For that category of capital asset, management has used 10% of the vehicle’s initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

Notes to the Financial Statements (Continued)

J. Vacation/Sick Leave

1. Annual leave shall be granted under the following schedules:

- a. Full-time employees, (more than thirty hours per week) will receive four (4) hours of annual leave per every pay period of two (2) weeks duration, which amounts to one hundred four (104) hours annually which may be brought forward from one year to the next, but may not exceed two hundred forty (240) hours of accrued annual leave.
- b. After three (3) years of continuous employment the rate of annual leave will be increased to six (6) hours of annual leave per each of twenty-six (26) pay periods annually, representing one hundred fifty six hours annually after three (3) years of uninterrupted employment with the Council.
- c. After ten (10) years of uninterrupted employment with the Council an employee is entitled to eight (8) hours of annual leave per each of twenty-six (26) pay periods which amounts to two hundred eight (208) hours of annual leave per year.
- d. No employee is allowed more than two hundred forty (240) hours of annual leave to accrue at any one time, and annual leave is only given for continuous employment. No annual leave will be accrued during probationary employment or for part-time employment, or for substitute drivers. At the request of the employee or at the discretion of the Executive Director of the Council annual leave may be donated from one employee to another in extreme cases of duress or need, but will be done in writing on a Council form for request for said donation.
- e. Annual leave is an employee benefit for the employee's personal use and should be requested within four (4) to two (2) weeks of its intended use in writing by the employee wanting to use annual leave. The Council encourages its employees to utilize their annual leave and to use at least one (1) or two (2) weeks of annual leave per year if they have it accrued. Every effort will be made to afford each employee an opportunity to use annual leave with consideration for their own wishes and needs, provided the mission of the Council does not suffer unduly. Whenever possible the employee will be granted annual leave to observe established Holy Days of their religious preference. However, annual does not accrue during a "leave without pay" status. Any annual leave in excess of two hundred forty (240) hours will be lost after July 1st of each year.

2. Sick Leave will be granted to all full-time employees at the rate of sixty-four (64) hours per year for continuous service. Part-time employees, probationary employees, or substitute drivers will not be afforded sick leave. There will be no annual increase in the amount of sick leave awarded to full-time employees. Sick leave will not be paid for upon termination of employee's time with Council, but a full-time employee can donate sick leave to another employee under circumstances of severe illness of employee. This donation is at the discretion of the Council Executive Director and the employee donating the sick leave which will be documented on a special Council form which designates to whom the sick leave is being donated.

Sick leave is a benefit which an employee may utilize when the employee's absence is necessary due to illness. Also sick leave may be used in the pursuit of a medical or dental appointment or that of a child, a spouse or the employee's immediate family as long as this privilege is not abused. Request for continuous sick leave in excess of three (3) days must be supported by a physician's statement. No compensation for unused sick leave will be afforded an employee upon separation or termination.

Notes to the Financial Statements (Continued)

K. Allocation of Indirect Expenses

The council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

L. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

M. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

N. Fund Balances

Restricted Amounts that are restricted to specific purposes should be reported as restricted fund balance. Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual fund had actual expenditures over budgeted appropriations for the year ending June 30, 2013.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 412,279	\$ 412,279	\$ 440,475	\$ 28,196

3. REVENUE RECOGNITION

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Continued)

Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

4. CASH AND CASH EQUIVALENTS

At June 30, 2013, the Council had cash and cash equivalents (book balances) totaling \$9,958 as follows:

Interest bearing demand deposits	<u>\$ 9,958</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2013, the Council had \$19,715 in deposits (collected bank balances). These deposits are secured from risk by \$19,715 of federal deposit insurance.

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013, for the Council is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated				
Land	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,000</u>
Capital assets being depreciated				
Buildings	185,851	-	-	185,851
Machinery and equipment	48,300	-	-	48,300
Furniture and fixtures	3,000	-	-	3,000
Vehicles	227,411	38,503	34,763	231,151
Total capital assets being depreciated	<u>464,562</u>	<u>38,503</u>	<u>34,763</u>	<u>468,302</u>
Less accumulated depreciation for:				
Buildings	103,503	4,646	-	108,149
Machinery and equipment	47,467	833	-	48,300
Furniture and fixtures	3,000	-	-	3,000
Vehicles	125,019	36,173	21,508	139,684
Total accumulated depreciation	<u>278,989</u>	<u>41,652</u>	<u>21,508</u>	<u>299,133</u>
Total capital assets being depreciated, net	<u>\$ 185,573</u>	<u>\$ (3,149)</u>	<u>\$ (13,255)</u>	<u>\$ 169,169</u>

Depreciation expense of \$41,652 for the year ended June 30, 2013, was charged to the following governmental functions:

Title III B	\$ 36,173
General administration	<u>5,479</u>
Total	<u>\$ 41,652</u>

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Continued)

6. BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

7. INCOME TAX STATUS

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code of 1986 and is an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is also exempt from Louisiana income tax.

8. JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council at June 30, 2013. Furthermore, the Council's management believed that any potential lawsuits would be adequately covered by insurance.

9. FEDERAL AWARDS PROGRAMS

The Council receives revenues from various federal and state grant programs, which are subject to final review and approval as to allowability of expenditures by respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period agreed upon by the agency and the Council. Also, it is management's opinion that any audits or reviews by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Council's financial position.

10. ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next year.

11. INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for the fiscal year ended June 30, 2013:

	Funds Transferred To					Audit	Total
	Title III B	Title III C-1	Title III C-2	Title III D	Title III E		
<u>Transfer From</u>							
General Fund	\$ 57,280	\$ 10,610	\$106,316	\$ 283	\$ 2,681	\$ 8,869	\$ 186,039
Special Revenue Funds:							
Non-Major Funds:							
Senior Center	\$ 42,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,118
NSIP	-	-	25,150	-	-	-	25,150
Supplemental Senior Center	-	-	3,100	-	-	-	3,100
Total Special Revenue Funds	\$ 42,118	\$ -	\$ 28,250	\$ -	\$ -	\$ -	\$ 70,368
Total all funds	\$ 99,398	\$ 10,610	\$134,566	\$ 283	\$ 2,681	\$ 8,869	\$ 256,407

Notes to the Financial Statements (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

12. RETIREMENT COMMITMENTS

Employees of the Council are participants in the social security system and retirement benefits are provided by that system.

13. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Council's insurance coverage.

14. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2013.

	Bank Line of Credit	Note Payable	Compensated Absences	Total
Long-term obligations at beginning of year	\$ 65,000	\$ 46,649	\$ 36,754	\$ 148,403
Additions	-	-	1,266	1,266
Principal payments	(11,255)	(11,043)	-	(22,298)
Long-term obligations at end of year	\$ 53,745	\$ 35,606	\$ 38,020	\$ 127,371

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2013.

	Notes Payable	Bank Line of Credit	Compensated Absences	Total
Current portion	\$ 11,119	\$ -	\$ -	\$ 11,119
Long-term portion	24,487	53,745	38,020	116,252
Total	\$ 35,606	\$ 53,745	\$ 38,020	\$ 127,371

	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
Note Payable	03/15/2003	5.25%	07/15/2016	\$ 3,064	\$ 35,606

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Concluded)

Year Ending June 30,	Note Payable		
	Principal Payments	Interest Payments	Total
2013	\$ 11,119	\$ 1,630	\$ 12,749
2015	11,717	1,032	12,749
2016	12,347	402	12,749
2017	423	-	423
Total	<u>\$ 35,606</u>	<u>\$ 3,064</u>	<u>\$ 38,670</u>

The Council also has a variable line of credit at the local bank that has variable interest rates and various due dates.

15. RECEIVABLES

The receivables of \$70,060 at June 30, 2013 are as follows:

<u>Class of receivable</u>	
Intergovernmental - grants	
DOTD Section 18 Transportation Revenue	\$ 38,450
State medical transportation grant	6,324
Title III E Caregiver reimbursement	17,165
Hotel/motel tax	4,831
Logisticare grant	3,290
Total	<u>\$ 70,060</u>

16. RESTRICTED FUND BALANCE

The Special Revenue Fund – Restricted cash of specific revenue sources for specified purposes of grant agreements.

Restricted assets:	
Grants receivable	<u>\$ 17,165</u>

The General Fund – Restricted cash of grants to be used for specified purposes.

Restricted assets:	
Grants receivable	<u>\$ 48,064</u>

17. PRIOR PERIOD ADJUSTMENT

Note 17 A vehicle was acquired in a previous year but not added to the Council's inventory list until this year. The cost was \$36,754 and requires a prior period adjustment in the government wide statement of activities because vehicles are not reported in the fund financial statements.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final	Budgetary Basis	differences over (under)	GAAP Basis
<u>SUPPORT AND REVENUE</u>					
<u>SUPPORT</u>					
Taxes					
Hotel/motel taxes	\$ 55,872	\$ 55,872	\$ 55,872	\$ -	\$ 55,872
PCOA revenue	37,500	37,500	37,500	-	37,500
DOTD Section 18 Transportation	213,246	213,246	213,246	-	213,246
TANF Transportation	6,875	6,875	6,875	-	6,875
Medicaid Transportation	102,967	102,967	102,967	-	102,967
Vernon Parish Police Jury	127,607	127,607	127,607	-	127,607
Public donations	2,684	2,684	2,684	-	2,684
Participant contributions	28,944	28,944	28,944	-	28,944
Utility assistance	1,084	1,084	1,084	-	1,084
Expenditure reimbursements	2,747	2,747	33,412	30,665	33,412
Total	<u>\$ 579,526</u>	<u>\$ 579,526</u>	<u>\$ 610,191</u>	<u>\$ 30,665</u>	<u>\$ 610,191</u>
Fundraising	\$ -	\$ -	\$ 307	\$ 307	\$ 307
Total support	<u>\$ 579,526</u>	<u>\$ 579,526</u>	<u>\$ 610,498</u>	<u>\$ 30,972</u>	<u>\$ 610,498</u>
<u>REVENUE</u>					
Interest income	\$ -	\$ -	\$ 92	\$ 92	\$ 92
Total support and revenue	<u>\$ 579,526</u>	<u>\$ 579,526</u>	<u>\$ 610,590</u>	<u>\$ 31,064</u>	<u>\$ 610,590</u>

(Continued)

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final	Budgetary Basis	differences over (under)	GAAP Basis
<u>EXPENDITURES</u>					
Program services:					
Health, Welfare and Social Services					
Salaries and benefits	\$ 311,453	\$ 311,453	\$ 311,453	\$ -	\$ 311,453
Travel	3,847	3,847	3,847	-	3,847
Operating services	81,894	81,894	82,694	(800)	82,694
Operating supplies	15,085	15,085	9,244	5,841	9,244
Capital outlay	-	-	5,841	(5,841)	5,841
Debt service:					
Principal	-	-	22,298	(22,298)	22,298
Interest	-	-	5,098	(5,098)	5,098
Total expenditures	<u>\$ 412,279</u>	<u>\$ 412,279</u>	<u>\$ 440,475</u>	<u>\$ (28,196)</u>	<u>\$ 440,475</u>
Excess (deficiency) of support and revenue over expenditures	\$ 167,247	\$ 167,247	\$ 170,115	\$ 2,868	\$ 170,115
Other financing sources (uses)					
Transfers out	\$ (169,465)	\$ (171,865)	\$ (186,039)	\$ (14,174)	\$ (186,039)
Sale of assets	-	-	22,245	22,245	22,245
Total other financing sources (uses)	<u>\$ (169,465)</u>	<u>\$ (171,865)</u>	<u>\$ (163,794)</u>	<u>\$ 8,071</u>	<u>\$ (163,794)</u>
Net change in fund balances	\$ (2,218)	\$ (4,618)	\$ 6,321	\$ 10,939	\$ 6,321
Fund balances, beginning of year	<u>70,000</u>	<u>70,170</u>	<u>70,170</u>	<u>-</u>	<u>70,170</u>
Fund balances, end of year	<u>\$ 67,782</u>	<u>\$ 65,552</u>	<u>\$ 76,491</u>	<u>\$ 10,939</u>	<u>\$ 76,491</u>
					(Concluded)

Title III C-1 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final	Budgetary Basis	differences over (under)	GAAP Basis
SUPPORT					
GOEA support	\$ 78,552	\$ 78,552	\$ 78,552	\$ -	\$ 78,552
Participant contributions	5,472	5,472	5,472	-	5,472
In kind support	538	538	538	-	538
Total support	<u>\$ 84,562</u>	<u>\$ 84,562</u>	<u>\$ 84,562</u>	<u>\$ -</u>	<u>\$ 84,562</u>
EXPENDITURES					
Program services:					
Health, Welfare and Social services					
Salaries and benefits	\$ 19,684	\$ 19,684	\$ 19,684	\$ -	\$ 19,684
Travel	799	799	799	-	799
Operating services	15,545	15,545	15,545	-	15,545
In kind operating services	538	538	538	-	538
Operating supplies	58,606	58,606	58,606	-	58,606
Total expenditures	<u>\$ 95,172</u>	<u>\$ 95,172</u>	<u>\$ 95,172</u>	<u>\$ -</u>	<u>\$ 95,172</u>
Excess (deficiency) of support over expenditures	\$ (10,610)	\$ (10,610)	\$ (10,610)	\$ -	\$ (10,610)
Other financing sources (uses)					
Transfers in	<u>\$ 10,610</u>	<u>\$ 10,610</u>	<u>\$ 10,610</u>	<u>\$ -</u>	<u>\$ 10,610</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title III C-2 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final	Budgetary Basis	differences over (under)	GAAP Basis
SUPPORT					
GOEA support	\$ 51,316	\$ 51,316	\$ 51,316	\$ -	\$ 51,316
Participant contributions	10,000	10,000	5,218	(4,782)	5,218
Inkind support	538	538	538	-	538
Total support	<u>\$ 61,854</u>	<u>\$ 61,854</u>	<u>\$ 57,072</u>	<u>\$ (4,782)</u>	<u>\$ 57,072</u>
EXPENDITURES					
Program services:					
Health, Welfare and Social services					
Salaries and benefits	\$ 37,926	\$ 37,926	\$ 37,926	\$ -	\$ 37,926
Travel	7,512	7,512	7,512	-	7,512
Operating services	34,936	34,936	34,936	-	34,936
Inkind services	538	538	538	-	538
Operating supplies	110,726	110,726	110,726	-	110,726
Total expenditures	<u>\$ 191,638</u>	<u>\$ 191,638</u>	<u>\$ 191,638</u>	<u>\$ -</u>	<u>\$ 191,638</u>
Excess (deficiency) of support over expenditures	\$ (129,784)	\$ (129,784)	\$ (134,566)	\$ (4,782)	\$ (134,566)
Other financing sources					
Transfers in	<u>\$ 129,784</u>	<u>\$ 129,784</u>	<u>\$ 134,566</u>	<u>\$ 4,782</u>	<u>\$ 134,566</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title III B Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final	Budgetary Basis	differences over (under)	GAAP Basis
<u>SUPPORT</u>					
GOEA support	\$ 97,718	\$ 97,718	\$ 97,718	\$ -	\$ 97,718
Participant contributions	10,000	10,000	828	(9,172)	828
Total support	<u>\$ 107,718</u>	<u>\$ 107,718</u>	<u>\$ 98,546</u>	<u>\$ (9,172)</u>	<u>\$ 98,546</u>
<u>EXPENDITURES</u>					
Program services:					
Health, Welfare and Social services					
Salaries and benefits	\$ 118,093	\$ 118,093	\$ 118,093	\$ -	\$ 118,093
Travel	6,233	6,233	6,233	-	6,233
Operating services	59,870	59,870	59,870	-	59,870
Operating supplies	13,748	13,748	13,748	-	13,748
Total expenditures	<u>\$ 197,944</u>	<u>\$ 197,944</u>	<u>\$ 197,944</u>	<u>\$ -</u>	<u>\$ 197,944</u>
Excess (deficiency) of support over expenditures	\$ (90,226)	\$ (90,226)	\$ (99,398)	\$ (9,172)	\$ (99,398)
Other financing sources					
Transfers in	<u>\$ 90,226</u>	<u>\$ 90,226</u>	<u>\$ 99,398</u>	<u>\$ 9,172</u>	<u>\$ 99,398</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title III E Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final	Budgetary Basis	differences over (under)	GAAP Basis
<u>SUPPORT</u>					
GOEA support	\$ 22,269	\$ 22,269	\$ 22,269	\$ -	\$ 22,269
Participant contributions	-	-	-	-	-
Total support	<u>\$ 22,269</u>	<u>\$ 22,269</u>	<u>\$ 22,269</u>	<u>\$ -</u>	<u>\$ 22,269</u>
 <u>EXPENDITURES</u>					
Program services:					
Health, Welfare and Social services					
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Operating services	31,950	31,950	31,950	-	31,950
Operating supplies	-	-	-	-	-
Total expenditures	<u>\$ 31,950</u>	<u>\$ 31,950</u>	<u>\$ 31,950</u>	<u>\$ -</u>	<u>\$ 31,950</u>
 Excess (deficiency) of support over expenditures	\$ (9,681)	\$ (9,681)	\$ (9,681)	\$ -	\$ (9,681)
 Other financing sources					
Transfers in	<u>\$ 9,681</u>	<u>\$ 9,681</u>	<u>\$ 9,681</u>	<u>\$ -</u>	<u>\$ 9,681</u>
 Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -
 Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION REQUIRED BY GOEA

Schedule of Non-Major Special Revenues Funds
Combining Statement of Revenues and Expenditures
For the Year Ended June 30, 2013

	Title III D Fund	AAA Fund	Audit	Senior Center	Senior Center Supplemental	NSIP Fund	Total
Support							
Intergovernmental							
Governor's Office of Elderly Affairs	\$ 4,589	\$ 30,599	\$ 1,131	\$ 46,264	\$ 3,100	\$ -	\$ 85,683
Nutrition Services Incentive Program	-	-	-	-	-	25,150	25,150
Total support	\$ 4,589	\$ 30,599	\$ 1,131	\$ 46,264	\$ 3,100	\$ 25,150	\$ 110,833
Expenditures							
Health and Welfare and Social Services							
Salaries and benefits	\$ 4,192	\$ 12,793	\$ -	\$ 3,567	\$ -	\$ -	\$ 20,552
Travel	36	943	-	31	-	-	1,010
Operating services	614	16,083	10,000	523	-	-	27,220
Operating supplies	30	780	-	25	-	-	835
Total expenditures	\$ 4,872	\$ 30,599	\$ 10,000	\$ 4,146	\$ -	\$ -	\$ 49,617
Excess (deficiency) of support over expenditures	\$ (283)	\$ -	\$ (8,869)	\$ 42,118	\$ 3,100	\$ 25,150	\$ 61,216
Other financing sources (uses)							
Transfers in	\$ 283	\$ -	\$ 8,869	\$ -	\$ -	\$ -	\$ 9,152
Transfers out	-	-	-	(42,118)	(3,100)	(25,150)	(70,368)
Total other financing sources (uses)	\$ 283	\$ -	\$ 8,869	\$ (42,118)	\$ (3,100)	\$ (25,150)	\$ (61,216)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Comparative Schedule of General Fixed Assets
and Changes in General Fixed Assets
For the Year Ended June 30, 2013

	Beginning Balance	Increase	Decrease	Ending Balance
General Fixed Assets				
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
Buildings	185,851	-	-	185,851
Machinery and equipment	48,300	-	-	48,300
Furniture and fixtures	3,000	-	-	3,000
Vehicles	227,411	38,503	34,763	231,151
	<u>519,562</u>	<u>38,503</u>	<u>34,763</u>	<u>523,302</u>
Total capital assets being depreciated	\$ 519,562	\$ 38,503	\$ 34,763	\$ 523,302
Invested in General Fixed Assets				
Property acquired with funds from				
Title III C-1	\$ 5,000	\$ -	\$ -	\$ 5,000
Title III C-2	5,000	-	-	5,000
Local Funds	509,562	38,503	34,763	513,302
	<u>519,562</u>	<u>38,503</u>	<u>34,763</u>	<u>523,302</u>
Total Invested in General Fixed Assets	\$ 519,562	\$ 38,503	\$ 34,763	\$ 523,302

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended June 30, 2013

Findings – Financial Statements Audit

There were no prior year audit findings reported as of June 30, 2012.

Schedule of Current Year Audit Findings and Management's Response
Year Ended June 30, 2013

Findings – Financial Statements Audit

Audit Finding No. 2013-1

Ethics – Nepotism

Condition:	The Executive Director Mr. Marvis Chance had previously hired his daughter Ms. Lila Abshier and promoted her to chief financial officer. This is contrary to the state ethics law which states that no member of the immediate family of an agency head shall be employed by the agency. Immediate family member includes children of the agency head.
Criteria:	Louisiana Revised Statute 42:1119 provides that no immediate family member of an agency head shall be employed in his agency. Louisiana Revised Statute 42:1102(13) provides that "immediate family" includes children of the public servant.
Cause and Condition:	Mr. Chance was not aware that this law prohibited him from hiring his daughter who was well qualified for the position of chief financial officer. This area being a small rural area it is difficult at times to find qualified people to work at the council office and it seemed appropriate at the time for Ms. Abshier to be offered the job.
Effect of Condition:	This could be a violation of the state ethics law discussed previously.
Recommendation:	I recommend that Mr. Chance who has referred the case to the state ethics board follow up with the board until the matter is resolved. At this time the State Ethics Board has not heard the case and any other action is pending of their finding.

Schedule of Current Year Audit Findings and Management's Response
Year Ended June 30, 2013

Findings – Financial Statements Audit

Audit Finding No. 2013-2

Ethics – Prohibited Contractual Arrangements

Condition:	Three employees of the Council were paid additional compensation in the nature of contract labor in the amount of \$68,848 in which case no taxes were withheld from the payments. Also the Council failed to issue the contract labor reporting Form 1099 to the Internal Revenue Service of the contracted individuals.
Criteria:	Louisiana Revised Statute 42:1113 provides that no public servant shall bid or enter into any contract that is under the supervision of the agency of the public servant.
Cause and Condition:	The Council was not aware that their employees could not perform contractual services that were needed by the council. The services consisted of janitorial, transportation, vehicle repairs and cleaning. It was thought since these services were needed and the individuals had the required skills for these services that it would be in the Council's best interest to let them perform these services since they were already familiar with the requirements and they were already on the premises.
Effect of Condition:	This could be a violation of the state ethics law discussed previously and also a violation on the Internal Revenue Code which states that any contracted individual being paid an amount of six hundred dollars or more be furnished with a Form 1099 showing these payments and also report the payments to the Internal Revenue Service.
Recommendation:	I recommend that payments be reported to the individuals on Form 1099 and also reported to the Internal Revenue Service. Also the individuals should review their prior income tax returns and if these payments were not included as income the returns should be amended. As of this audit report date these type of contractual payments to employees have been discontinued.

VERNON COUNCIL ON AGING, INC.
200 N. Third St., Leesville, LA 71446

Marvis L. Chance, Executive Director
337/239-4361 fax 337/239-0186

"Improving the quality of life for the seniors of Vernon Parish"

September 03, 2013

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera:

I am writing in response to the letter dated August 21, 2013, written by Mr. Eric S. Sloan, CPA. In this letter I am accused of nepotism in the hiring of my daughter Ms. Lila Abshier. Ms. Abshier was hired in July 2006, in a part-time capacity as a Transportation Clerk under the supervision of Mr. Cecil Corley, Transit Director, who referred Ms. Abshier, [see Attachment F]. She remained in this position until March 17, 2009 when I asked the VCoA Board of Directors if they would allow her to assume the position of Financial Officer which had been held by Ms. Connie Hale, who resigned that position due to ill health and mismanagement. She moved into the Transportation Section at her own request. Unfortunately the minutes from that meeting held on March 17, 2009, [see Attachment B] have been removed from the VCoA Board archives. As you can see upon inspection of Attachment B, all other business conducted during this regularly scheduled meeting is present except the minutes of the meeting which was maintained in my office which was entered illegally without my permission while I was on vacation during the early part of November, 2008 by three staff members. I was given permission by a unanimous vote by the board members present to promote Ms. Abshier into this position. This point is substantiated by the minutes of the regularly scheduled meeting for June 30, 2009, when I asked the board to allow Ms. Abshier to be allowed to co-sign checks due to the problem of finding the two members who were on the signature card at Merchants & Farmers Bank located in Leesville, Louisiana, in a timely manner. This need was reinforced especially during the summer and on holidays. The two board members also on the signature card were Mr. Eugene Cavanaugh the VCoA board Vice-President and Mrs. Ruth Dixon the VCoA Treasurer. Again, it was a unanimous vote to allow her to co-sign checks.

On December 14, 2009, I was contacted by Ms. Stacy Mills our Program Monitor for the Governor's Office of Elderly Affairs, [G.E.O.A.] concerning nepotism, please see her letter page 4 & 5 [Attachment D]. In the mean time I contacted Mr. Paul Columb, the attorney for the G.E.O.A., and he assured me that a policy letter concerning this would be forthcoming from G.E.O.A. see page 2, [Attachment D]. The VCoA Board of Directors were made aware of this fact as shown by the minutes for February 16, 2010. The board instructed me to follow as directed by Mr. Columb. On two other occasions I contacted Mr. Columb and was told that no definite policy was as yet forth coming.

On July 16, 2013, at a regularly scheduled meeting of the VCoA Board of Directors Ms. Abshier was taken off of the signature card at the Merchants & Farmers Bank at my request and her position is now supervised by the Vice-President and Treasurer of the VCoA Board of Directors, [notes will not be available until the next scheduled meeting which is September 17, 2013]. It would place this agency in extreme jeopardy as Ms. Abshier is in charge of several monthly reports and programs needed by the G.O.E.A., and as such she is sorely needed as no one else knows how to perform this capacity or the various and sundry computer programs which she skillfully manages.

The VCoA Board of Directors unanimously passed an official resolution respectfully requesting an exception to policy, given the changes which were incorporated on July 16, 2013. With GOD as my witness I can with all sincerity state that I have in no manner shown Ms. Abshier any favoritism and I would not hesitate to either discipline or reprimand her if in fact this should have ever been needed. Her loyalty and professionalism toward this agency is both an asset and a resource if lost would be exceptionally difficult to reproduce. I respectfully and humbly request that the Office of the Legislative Auditor take into consideration this letter and its attachments. If I can be of any further service please contact me at 337/239-4361 or my e-mail address is vcoal@bellsouth.net.

I further realize that ignorance is no excuse for the law, but I had no idea that our agency was supposed to issue 1099s to anyone performing contractual services for our agency. I thought this was something which the individual performing the contractual service must do for themselves. You can rest assured that in the future this oversight will be rectified.

Respectfully,

A handwritten signature in black ink, appearing to read "Marvis L. Chance". The signature is fluid and cursive, with the first name "Marvis" being more prominent and the last name "Chance" following in a similar style.

Marvis L. Chance
Executive Director
Vernon Council on Aging, Inc.

VERNON COUNCIL ON AGING, INC.
200 N. Third St., Leesville, LA 71446

Marvis L. Chance, Executive Director
337/239-4361 fax 337/239-0186

"Improving the quality of life for the seniors of Vernon Parish"

August 28, 2013

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Response to Audit findings for Vernon Council on Aging pertaining to Lila Abshier

In reading over the portion of the audit that pertains to me I did notice that some of the dates were not correct. I am aware that I did give the information, that I thought to my knowledge at the time, was the accurate dates but after going through the Board Minutes I did notice they were not. I am sending a copy of the Minutes where I was appointed as the Financial Officer for VCoA.

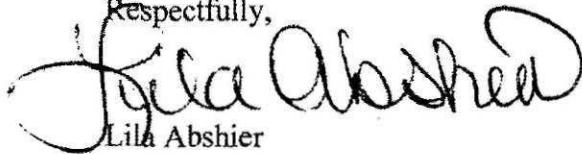
I was put in my position and allowed to be a signer on the account, per the Board of Directors, as of June 2009. As of this date I am no longer on the account and do not sign any checks that go through it. I'm also enclosing the Board Minutes dated from February 2010 where there was questioning about my employment with the agency again. To my understandings at that time I was to await further determination from the Board of Directors and GOEA as to whether or not I would still be employed with the agency. I never heard anything back so we conducted business as usual.

As far as my pay raises that have been given to me throughout my years here shows on each and every paycheck that is signed by Marvis Chance and a Board member. I do not and have never received overtime from the company.

To conclude my last employee evaluation was conducted in November of 2007 by a Ms. Connie Hale when she was still Deputy Director of the Vernon Council on Aging. The said evaluation was in my employee folder in Mr. Chance's locked office, which was broken into in 2008 and certain papers came up missing, one being my evaluation.

I hope that this will clear up some of the confusion on my part of this investigation. If you have any questions for me please feel free to call me at the office 337-239-4361, or my personal cell phone number 337-257-0872 since I do not always get my messages.

Respectfully,

A handwritten signature in black ink, appearing to read "Lila Abshier". The signature is fluid and cursive, with the first name "Lila" being more prominent than the last name "Abshier".

Lila Abshier

Financial Officer,

Vernon Council on Aging, Inc.

John A. Windham, CPA

A Professional Corporation

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Vernon Council on Aging, Inc.
Leesville, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Vernon Council on Aging, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Vernon Council on Aging, Inc.'s basic financial statements, and have issued my report thereon dated December 2, 2013.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Vernon Council on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vernon Council on Aging, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Vernon Council on Aging, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vernon Council on Aging, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management's response as items Audit Finding No.'s 2013-1 and 2013-2.

Vernon Council on Aging's Response to Findings

Vernon Council on Aging's response to the findings identified in my audit is described in the accompanying schedule of current year audit findings and management's response. Vernon Council on Aging's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Jermell Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
December 2, 2013